



## AN ANALYSIS OF FARMERS FINANCING PATTERN IN PACCS

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### **Abstract**

*Agriculture plays a vital role in India's economy over 58% of the rural households depends on agriculture as their principal means of livelihood. The central and statistics office (CSO) has estimated the share of agriculture and allied activities would be 17.4 percent GVA during 2016 – 17 as against 17.5 percent in 2015 – 16. In spite of the agriculture sector is great significance in Indian economy, there has been continuous decline in the share of agriculture and allied activities in the GVA from 2011 – 12 to 2016 - 17 (i.e. 18.5%, 18.2%, 18.3%, 17.5%, 17.4%)<sup>1</sup>. Further, the agriculture sector is estimated to grow GVA at 4.9% in 2016 -17 as against the growth rate of 1.2% in 2015 -16. But the agriculture sector Growth in GVA is estimated to be lower at 2.1 percent in 2017 -2018 as per advance estimates of GDP for 2017 -18 is much lower than 4.9 percent achieved in 2016 -17.<sup>2</sup> All these statistical figures indicate that the agriculture sector is still lag behind the growth of economy. This happens due to various reasons such as inadequate credit, infrastructure, information system, support services, marketing facilities and the adverse nature etc., Among these factors, flow of credit to agriculture sectors is considered as a main issues. The source of credit has been classified as own and borrowed. The borrowed finance would be availed by the farmer through banks and private sources. The private finance is costly when compared with bank finance. In this context, this paper attempts to analyse the flow of credit and other support services provided by the PACCS to the farmers and the problem associated in obtaining loan from PACCS.*

**Key words:** PACCS, Marginal and Small Farmers, Problems associated with availing support services.

<sup>1</sup> Key economic indicators, December 2017, [www.eaindustry.nic.in](http://www.eaindustry.nic.in) key-economics-Indicator.

<sup>2</sup> Center for monitoring Indian economy Pvt. Ltd, <https://www.cmie.com>



## INTRODUCTION

Adam Smith has ranked agriculture as the first industry creating wealth. As Quesnay aptly describe, "Agriculture is the source of all wealth of the state and of the wealth of all citizens". Hence, wealth creation in a country depends on the state of agriculture and it may be interpreted that everything that is disadvantageous to agriculture is prejudicial to the state and the Nation and everything that favours agriculture is profitable to the State and the Nation.

Today much needed finance is made available to the needy farmers both by the organised and unorganized agencies, each of them having their own merits and demerits. The government realised the importance of provision of credit through organised financial institutions. Through these institutions the credit requirements for short term and long term were met. Among the various financial institutions who are providing finance to the farmers, the PACCS are considered as shield for the farming community. The service of PACCS have covered all the Villages in Tamil Nadu. They have been not only functioning as purveyor of rural credit but also empower the farming community by providing them on farm and off farm services. However in the recent times, there has been a chronic failure in the activities of PACCS. Even after the number of measure adopted based on the suggestions of various committees and commission, still the problem in meeting the requirements of farmers. From the farmers point of view, the PACCS have inherent weakness of in its financing function. It is true, because the adequate and timely supply of credit to farmers would encourage the farmer's agriculture practices. But in the practical situation, the farmers have faced huge problems while getting loan from PACCS such as agriculture credit is peculiar nature, monsoon based, middleman interference in getting loan, Big farmers getting priority in availing loan than small and marginal farmers, high transaction cost for loan, very low loan amount, procedural delay in getting loan unawareness about the loan scheme offered by PACCS etc. Due to these problems, the farmers have afraid to approach the PACCS as well as commercial bank for getting loan. Though, the Govt support such as waiving of interest, low interest rate, waiving of loan amount etc, it would equal to the cost of loan obtaining from PACCS. By considering this fact, many farmers have forced to get finance from private financial Institution at high rate of interest. In this contexts, the ultimate goal of the PACCS'S have not been achieved. Hence, the researcher has attempted to study the perception of the farmers towards financial assistance provided by PACCS, would be more worth full for the improvement of farmers economic development.



## Statement of the Problem

According to All India Rural Credit Survey Committee, the credit institutions have not performed well due to the nature of their lending policies and cumbersome procedures, which are not understandable enough to the farmers, to avail of and utilizes credit effectively. When credit has not succeeded in its efforts to generate more income at the farm level, many questions arise at the institutional level with regard to the suitability of the procedures and appropriateness of the policies followed. A thorough examination of utilization of loans by the farmers is an important one.

In India, small and marginal farmers constitute more than 80 percent of land holdings and operate less than 45 percent of the land.<sup>3</sup> There are number government agencies, organizations, companies that cater to the needs of small and marginal farmers. The agricultural finance for small and marginal farmers are main by focused on acquisition of funds from various sources and utilization of available funds effectively. The funds available consists of own fund and borrowed fund. The small and marginal farmers own capital is very much limited. Hence, they largely depend on outside financial agencies.

In this situation, the role of cooperative movement is very important because it is largest social- economic movement in the world. It has contributed significantly to the alleviation of poverty, creation of productive employment at deep root in various sectors. Cooperative mainly concerned with agriculture credit, marketing of agriculture produce, distribution of fertilizer and other essential commodities.

There are 4595 PACCS at the village level providing short term and medium term credit facilities to the agriculturist. These PACCS have covered 90% of the agricultural operational holding in the state of which 80% belong to weaker section.<sup>4</sup> The state and central Govt. have provided various supports to the cooperative sectors such Integrated cooperative development project, Interest incentive scheme relief to farmers on interest and panel Interest scheme, one time settlement scheme for rural borrowers of cooperative banks, financial assistance to farmers, Revamped scheme of saving linked micro credit to women for small and small business, Kisan credit card scheme formulated by

<sup>3</sup> Press information Bureau, Govt. of India, ministry of agriculture and farmers welfare, agriculture census 2010 – 11, [www.pib.nic.in](http://www.pib.nic.in).

<sup>4</sup> Performance of PACCS, [www.nafscob.org](http://www.nafscob.org)



NABARD, assistance to other cooperatives, Interest free loan for women members in PACCS for enhancing their borrowing power so on. The progress of PACCS in Tamil Nadu is increasing trend in every year in terms of number of societies, number of members, share capital, working capital, loan sanctioned, loan outstanding and over dues.

Though, various assistance provided by the state and central Govt. to the cooperative sector, much of the weakness of upper tier is, poor financial health and deficiencies of PACCS in the way they are organized and managed. It is ultimately affects the farmers who have seeking financial assistance from PACCS for their agricultural operation because the PACCS are very proximity to the farmers in obtaining agriculture assistance. A bad monsoon, a poor harvest, a poor price for their produces, discrimination in sanctioning of loan to farmers, stiff rules and regulations, cost of loan etc. forces the farmers to approach money lenders for the higher rate of Interest. The principal aim of the PACCS to replace the widely prevalent money lending at very high rate interest. Hence the available data show that the rural credit institutions have succeeded to a considerable extent in achieving this aim. In all the aspect, the Institutional credit is more better than private credit because they are not only provide credit but also provides extension services and taught how to use quality seeds, fertilizers, pesticides, how to grow the crops, marketing etc. A study reveals, private credit meets barly 20% of the short term and medium term credit needs of farmers, it is a good progress of Institutional credit because it meets the 80% of the credit needs of farmers. At the same time, RBI admitted that farmers still relay on informal credit market for 60 to 70% of their credit needs even though interest rate in charged 30%. This is due to apathy of state owned banks such cooperative and rural banks in providing credit to poor peasants. Actually big farmers are capable of obtaining more loans and advances from PACCS in their own favour at the expense of the poor farmers. Despite of huge increase in overall agricultural credit, small and marginal farmers still remain unworthy borrower in the banking parlance, they still dependence on informal market. The quantitative expansion of institutional sources hide all these facts, from the qualitative angle, the performance of PACCS is subject to serious scrutiny. In this context, the researcher has attempted to study the extent of financial and other assistance provided by the PACCS would be more worth full for the development of the agriculture as well as the farmers.



## Objectives of the Study

1. To study the profile of farmers connected with PACCS for availing financial and non-financial assistance.
2. To study the structure of financial assistance, provided by the PACCS.

## Scope of the Study:

This study is undertaken to examine the financial assistance provided by the PACCS functioning in a selected taluk, in the farmers perspective. In order to increase the flow of funds for agriculture in India, Multi- Agency Approach has been adopted. Many credit institutions namely co-operative banks, commercial banks and Regional. Rural Banks are involved in financing the farm business. Since co-operative banks are the oldest and the most predominant and accepted credit institutions in India, they have chosen for the study. As the primary co-operative banks are the base level financing agency operating at the village level, and are involved in the provision of large scale, short and medium term loan to agriculturists, they are predominately considered in this study. The structure and flow of loan from PACCS to the farmers and their hurdles in getting loan from PACCS are examined with the help of the variables identified. The study also aims to identify the relationship between the various types of farmers in respect of utilization of loan facilities and the credit gap.

It is hoped that the results this study would be great help to the farmers to utilise the various loan facility effectively. It would also be useful to the primary co-operative banks, and central co-operative banks to realise the difficulties encountered by the farmers in obtaining various loans, and to suggest remedial measures to streamline and simplify their lending policies and procedures.

## Methodology used in this study

### (i) *Profile of the area of study*

Thottiyam is a panchayat town in Tiruchirappalli district in the Indian state of Tamil Nadu. It is situated 60 Km north west of Tiruchirappalli on Tiruchy-Namakkal state Highway. It is located near Kaveri River. As on 2001 India census, Thottiyam had a population of 135120. In which males constitute (67266) 50% and females constitute (67854) 50%. It has on average literacy rate of 73%, which is higher than the national average of 59.5%. The male literacy is 81% and female literacy is 66%. The main occupation is agriculture and the main crops are paddy, plantains, petals. Thottiyam is



a block under panchayat system since 1960. It was attached with the Musiri Taluk upto 2008, afterwards it become a taluk. It has 29 villages in Thottiyam Taluk, there are 15 banks, in which major banks are Lakshimi Vilas bank, Indian overseas bank, Agricultural cooperative bank, State bank of India and Canara bank. They are caters agriculture and non-agriculture loans to the people among these banks the PACCS are major player in the Thottiyam Taluk.

For the proper provision of agricultural credit is necessary to know the environmental dimensions of the area of study. Factors like population, land holdings, land utilization, cropping pattern, and its intensity, inputs and implements, infrastructural facilities etc., are the deciding factors of loan intake of the farmers. Lending institutions are also to consider these factors with utmost care since these factors influence the decision regarding farm loans. In this context profile of the area of study assumes importance.

## (ii) Reasons for selection of particular area

The study was taken up in the Thottiyam Taluk of Tiruchirappalli district, in the state of Tamil Nadu. Tottiyam Taluk was purposively selected on account of the following factors.

The Thottiyam Taluk is more agriculture oriented area Industrialization is yet to be taken up. More than 80% of the people are engaged in agriculture, hence, the researcher desired to examine the financial Assistance provided by the PACCS in the farmers perspective. Further, the familiarity with the conditions of the Taluk was another reason for the purposive selection.

## (iii) Sources of Data

This study is based on both primary and secondary data. The primary data were collected from a sample of 500 farmers who have involved with PACCS to obtain financial assistance. The data were collected by using structured questionnaire through personal Interview method. The secondary data were collected from Directorate of Economics and statistics, Department of cooperative, PACCS, journals, books and websites.

## (iv) Period of study

The study covers a period of five years (2012-2013, 2013-2014, 2014-2015, 2015-2016 and 2016-2017).





## (v) Sampling Procedure

The study is confined to the Thottiyam Taluk, which is mainly agriculture based and selected purposively. By scouting the area and establishing a rapport with the Taluk officials, the general economic background of the Taluk was understood. It was found that in the Taluk, there is one branch of Trichy District Central co-operative bank, 13 primary agricultural credit co-operative societies, one branch of Canara Bank, 2 branch of Indian Overseas Bank, 2 State bank of India and other private banks. The cooperative and Government banks are the lead bank in the Taluk.

For the purpose of the study, 500 farmers consisting of small, marginal and big farmers were selected by using random sampling method. These 500 farmers are associated with the PACCS for availing various benefits. The details of sample selection are in the following table.

## (vi) Tools for Analysis:

For purpose of Analysis the following tools were used in this study.

- Percentage Analysis
- Chi-square Analysis

## Limitation of the Study:

The subject of this study involves collection of data from farmers who normally do not have proper records for their reference. Further, due to lower literacy level, there is reluctance on the part of farmers in giving information freely. However, adequate care has been exercised in the collection of unbiased data. Moreover, the data were collected with the help of local leaders/officers such as presidents, chairman of Panchayat Unions, Village Administrative Officers and Special Officers, secretaries in the PACCS in order to ensure the authenticity of data.

**Table -1**  
**Gender of the Respondents**

Gender	No. of Respondent	Percentage
Male	465	93
Female	35	7
Total	500	100

Source Primary Data



The above table 1 shows that the, gender of the respondents, who are participating in this study. In this participating respondent, 93 percent respondents are Male and 7 percent of the respondents are female. **Majority 93% of the respondents are Male.**

**Table -2**  
**Age Group of the respondents**

Age Group	No. of Respondent	Percentage
Below 20 years	69	13.8
20-40 years	163	32.6
41-60 years	219	43.8
above 61 years	49	9.8
Total	500	100

Source Primary Data

The above table 2 shows that the Age group of the respondents, who are participating in this study. In the participating respondents, 13.8 percent respondents are below 20 years, 32.6 percent are in age group of 20-40 years, 43.8 percent are in age group of 41-60 years and 9.8 percent of the respondents are more than 61 years. **Majority 43.8% of the respondents are in the age group of 41- 60 years.**

**Table -3**  
**Educational Level of the respondents**

Educational Level	No. of Respondent	Percentage
School Level	125	25
College Level	219	43.8
Illiterate	124	24.8
Others(Professionals studies)	32	6.4
Total	500	100

Source Primary Data

The above table 3 shows that the Educational Level of the respondents, 25 percent of the respondents are studied up to School Level. 43.8% respondents have studied up to college level, 24.8% respondents are illiterate and 6.4% fall in the others (Professionals studies). **Majority 43.8% of the respondents are studied up to college level.**





**Table -4**

**Marital Status of the Respondents**

Marital status	Frequency	Percent
Married	338	67.6
Unmarried	162	32.4
Total	500	100

Source Primary Data

The above table 4 shows that the, Marital status of the respondents, 67.6 percent of the respondents are Married and the Unmarried is 32.4 percent. **Majority 67.6% of the respondents are married.**

**Table -5**

**Family Type of the Respondents**

Family Type	No. of Respondent	Percentage
Joint Family	372	74.4
Nuclear Family	128	25.6
Total	500	100

Source Primary Data

The above table 5 indicates the Family Type of the respondents, 74.4% of the respondents are in joint family and remaining 25.6% respondents are nuclear family. **Majority 74.4% of the respondents are in joint family.**

**Table -6**

**Number of members in the respondents' family**

No. of Members	No. of Respondent	Percentage
Below 3	105	21
3-6	275	55
6-9	69	13.8
10& Above	51	10.2
Total	500	100

Source Primary Data

The above table 6 shows that number of members in the respondent family. 21% of the respondents having below 3 members, 55% of the respondents having 3-6 members, 13.8% of the

respondents having 6-9 members and 10.2 % of the respondents having more than 10 members in their family. **Majority 55% of the respondents are having 3-6 members in their family.**

**Table -7**  
**Type of Farmers**

Type of Farmers	No. of Respondent	Percentage
Marginal Farmer	158	31.6
Small Farmer	243	48.6
Big Farmer	99	19.8
Total	500	100

Source Primary Data

The above table 7 shows the types of Farmers. 31.6 percent respondents are marginal Farmers, 48.6 percent respondents are Small Farmers and 19.8 percent respondents are Big Farmers. **Majority 48.6% respondents are Small Farmers.**

**Table - 8**  
**Type of land holding of the respondents**

Land Type	No. of Respondents	Percentage
Wet Land	354	70.8
Dry Land	146	29.2
Total	500	100

Source Primary Data

The above table 8 indicates that the Land holding of the respondents. 70.8 percent respondents are holding wet land and 29.2 percent respondents are holding dry land. **Majority 70.8% of the respondents are holding Wet land.**

**Table - 9**  
**The Ownership of land of the respondents**

The Ownership of Land	No. of Respondents	Percentage
Own Land	218	43.6
Lease Land	238	47.6
both	44	8.8
Total	500	100

Source Primary Data

The above table 9 indicates that, The ownership of land of the respondents, 43.6 percent of the respondents having own land, 47.6 percent of the respondents are having lease land and 8.8 percent respondents are holding both the land. **Majority 47.5% of the respondents having are own land.**

**Table – 10**  
**Respondents' awareness about loan offer by the PACCS**

Mode of awareness	No. of Respondent	Percentage
Thro' Bank	73	14.6
Co-farmers	188	37.6
Thro' Govt	194	38.8
Others	45	9
Total	500	100

Source Primary Data

The above table 10 shows that, the respondents awareness about loans offer by the PACCS, 14.6 percent respondents have knew the loans offer thro' banks itself, 38.8percent thro' Govt. and 9 percent respondents thro friends, relative and advertisement. Majority 38.8% of the respondents are knew the loan offer thro' Government.

**Table 11**

**Hypothesis:**

**H0:** There is no association between the Personal factors of farmers and their preference of loan.

**H1:** There is association between the Personal factors of farmers and their preference of loan.

Age of the respondents	Types of loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Others	
Below 20 years	14	47	8	0	69
	20.3%	68.1%	11.0%	0.0%	100.0%
20-40 years	20	73	45	25	163
	12.3%	44.8%	27.6%	15.3%	100.0%
41-60 years	49	82	81	7	219
	22.4%	37.4%	37.0%	3.2%	100.0%
Above 61 years	9	8	10	22	49
	18.4%	16.3%	20.4%	44.9%	100.0%
Total	92	210	144	54	500
	18.4%	42.0%	28.8%	10.8%	100.0%

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	114.12	9	.000	.000	.000	.000			
Linear-by-Linear Association	13.533	1	.000	.000	.000	.000	.000 <sup>b</sup>	.000	.000
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

Table 12

Crosstab					
Marital status of the Respondents	Type of Loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Other loans	
Married	52	140	116	30	338
	15.40%	41.40%	34.30%	8.90%	100.00%
Unmarried	40	70	28	24	162
	24.70%	43.20%	17.30%	14.80%	100.00%
Total	92	210	144	54	500
	18.40%	42.00%	28.80%	10.80%	100.00%

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	19.85	3	.000	.001	.000	.001			
Linear-by-Linear Association	2.852	1	.091	.091	.083	.098	.047	.041	.052
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

Table -13

Crosstab					
Family Type of the Respondents	The type of Loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Others	
Joint Family	90	160	92	30	372
	24.20%	43.00%	24.70%	8.10%	100.00%
Nuclear Family	2	50	52	24	128
	1.60%	39.10%	40.60%	18.80%	100.00%
Total	92	210	144	54	500
	18.40%	42.00%	28.80%	10.80%	100.00%

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	45.28	3	.000	.000	.000	.000			
Linear-by-Linear Association	42.53	1	.000	.000	.000	.000	.000	.000	.000
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

Table 14

Crosstab					
No. of Members in the respondent family	The type of Loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Others	
Below 3	18	27	53	7	105
	17.10%	25.70%	50.50%	6.70%	100.00%
3-6	67	116	67	25	275
	24.40%	42.20%	24.40%	9.10%	100.00%
6-9	7	30	24	8	69
	10.10%	43.50%	34.80%	11.60%	100.00%
10& Above	0	37	0	14	51
	0.00%	72.50%	0.00%	27.50%	100.00%
Total	92	210	144	54	500
	18.40%	42.00%	28.80%	10.80%	100.00%



Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	85.43	9	.000	.000	.000	.000			
Linear-by-Linear Association	1.202	1	.273	.277	.266	.289	.140	.131	.149
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

Table - 15

Crosstab					
Type of Farmers	Type of Loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Others	
Marginal Farmers	41	59	49	9	158
	25.90%	37.30%	31.00%	5.70%	100.00%
Small Farmers	37	108	81	17	243
	15.20%	44.40%	33.30%	7.00%	100.00%
Big Farmers	14	43	14	28	99
	14.10%	43.40%	14.10%	28.30%	100.00%
Total	92	210	144	54	500
	18.40%	42.00%	28.80%	10.80%	100.00%

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	52.88	6	.000	.000	.000	.000			
Linear-by-Linear Association	11.89	1	.001	.001	.000	.001	.001	.000	.001
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )



Table 16

Crosstab					
Land holding of the Respondents	The type of Loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Others	
Wet Land	60	146	118	30	354
	16.90%	41.20%	33.30%	8.50%	100.00%
Dry Land	32	64	26	24	146
	21.90%	43.80%	17.80%	16.40%	100.00%
Total	92	210	144	54	500
	18.40%	42.00%	28.80%	10.80%	100.00%

Chi-Square Tests

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	16.27	3	.001	.001	.000	.002			
Linear-by-Linear Association	0.268	1	.604	.625	.612	.637	.324	.312	.336
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

Table 17

Crosstab					
The Ownership of Land	The type of Loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Others	
Own Land	58	74	63	23	218
	26.60%	33.90%	28.90%	10.60%	100.00%
Lease Land	34	107	73	24	238
	14.30%	45.00%	30.70%	10.10%	100.00%
Others	0	29	8	7	44
	0.00%	65.90%	18.20%	15.90%	100.00%
Total	92	210	144	54	500
	18.40%	42.00%	28.80%	10.80%	100.00%

Chi-Square Tests									
	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	31.31	6	.000	.000	.000	.000			
Linear-by-Linear Association	4.399	1	.036	.033	.029	.038	.019	.015	.022
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

The above Chi-Square Tests tables ( 11 - 17) reveals that the personal factors of the respondents(excluding Level of Education and Gender of the farmers ) are associated with the study factors such as preference of the loan(Short term, Medium Term & Long Term). Because ( $P \leq 0.05$ ). Hence, the  $H_0$  is rejected and  $H_1$  is accepted.

Table 18

Crosstab					
Educational Level	Respondents Preference of the loan				Total
	Short term loan	Medium term loan	Long term loan	Others	
School Level	36	58	23	8	125
	28.80%	46.40%	18.40%	6.40%	100.00%
College Level	73	56	75	15	219
	33.30%	25.60%	34.20%	6.80%	100.00%
Illiterate	35	56	4	29	124
	28.20%	45.20%	3.20%	23.40%	100.00%
Others	24	0	8	0	32
	75.00%	0.00%	25.00%	0.00%	100.00%
Total	168	170	110	52	500
	33.60%	34.00%	22.00%	10.40%	100.00%

Chi-Square Tests							
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)		Monte Carlo Sig. (1-sided)	
				Sig.	99% Confidence Interval	Sig.	99% Confidence Interval



					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	107.58	9	.000	.000	.000	.000			
Linear-by-Linear Association	0.534	1	.465	.479	.466	.491	.242	.231	.253
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

**Table 19**

Crosstab					
Sex of the Respondents	Type of Loan availed from PACCS				Total
	Crop Loan	Cattle Loan	Housing Loan	Other loans	
Male	81	202	136	46	465
	17.40%	43.40%	29.20%	9.90%	100.00%
Female	11	8	8	8	35
	31.40%	22.90%	22.90%	22.90%	100.00%
Total	92	210	144	54	500
	18.40%	42.00%	28.80%	10.80%	100.00%

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	12.283	3	0.006	0.007	0.005	0.009			
Linear-by-Linear Association	0.124	1	0.725	0.770	0.759	0.780	0.405	0.392	0.418
N of Valid Cases	500								

Significant ( $p \leq 0.05$ ), Not Significant ( $p \geq 0.05$ )

The above table (18, 19) reveals that the personal factors of the respondents (Level of Education and Gender of the farmers) are no association with the study factors such as preference of the loan (Short term, Medium Term & Long Term) because ( $p \geq 0.05$ ). Hence, the  $H_1$  is rejected and  $H_0$  is accepted.

Table – 20

Respondents' awareness about loan offer by the PACCS

Mode of awareness	No. of Respondent	Percentage
Thro' Bank	73	14.6
Co-farmers	188	37.6
Thro' Govt	194	38.8
Others	45	9
Total	500	100

The above table 10 shows that, the respondents awareness about loans offer by the PACCS, 14.6 percent respondents have knew the loans offer thro' banks itself, 38.8percent thro' Govt. and 9 percent respondents thro friends, relative and advertisement. **It is concluded that Majority 38.8% of the respondents are knew the loan offer thro' Government.**

Table – 21

The amount of Loan required by the respondent for cultivation

Amount of loan required per annum	No. of Respondent	Percentage
Below Rs 25000	90	18.3
Rs 26000 to Rs 50000	185	37.6
Rs 51000 to Rs 75000	122	24.8
Above Rs 76000	95	19.3
Total	492	100

The above table 20 shows, that the amount of loan required for cultivation by the respondent in a year, 18.3% respondents have stated that the loan amount required for cultivation in a year is below Rs. 25,000, 37.6% respondents are expressed that the loan requirement Rs.26,000 to 50,000 p.a., 24.8% respondents are expressed Rs.51,000 – Rs.75,000 and 19.3% respondents have expressed that more than Rs.76,000 is required for cultivation in a year. **Majority 37.6% of the respondents are stated that they required loan amount for cultivation is Rs. 26,000 to 50,000 p.a.**

**Table 22**

**Details of the sources of finance of the respondent**

Source of Finance	No. of Respondents	Percentage
Own Finance	279	55.8
Borrowed Finance	221	44.2
Total	500	100.0

Table No.21 Show the sources of finance of the respondent 55.8% respondents have used their own finance for their agriculture operation and the remaining 44.2% of the respondents have used borrowed finance for their agriculture operation. **Majority 55.8% respondents have used their own finance for their agriculture operation.**

**Table 23**

**Details of the source of Borrowed finance of the respondents**

Source borrowed finance	No. of Respondent	Percentage
Primary Agriculture credit society	75	15.7
Commercial Banks	162	33.8
Indigenous Bankers	149	31.1
Commission Agents	73	15.2
Others(friends, relatives)	20	4.2
Total	479	100.0

Table No.22 reveals that the sources of the borrowed finance of the respondent. 33.8% respondents have borrowed the finance from commercial banks, 31.1% respondents have borrowed the finance from Indian overseas banks, 15.7% respondents have borrowed the finance from PACCS, 15.2% respondents have borrowed the finance from commission agent and 4.2% respondent have borrowed the finance from other sources (friends, relatives). **Majority 33.8% of the respondents have borrowed the finance from commercial banks.**

**Table -24**

**Types of Loan availed from PACCS by the Respondent**

Types of Loan	No. of Respondent	Percentage
Crop Loan	210	42
Cattle Loan	144	28.8

Housing Loan	54	10.8
Others	92	18.4
Total	500	100.0

Table No.23 shows that the types of loan availed by the respondents from the PACCS. 42% of the respondents have availed crop loan, 28.8% of the respondents have availed cattle loan, 10.8% of the respondents have availed housing loan, 18.4% of the respondents have availed other loans for land development, family expenses etc. **Majority 42% of the respondents have availed crop loan from the PACCS.**

**Table 25**  
**Respondents' preference of the loan (in duration)**

Preference of Loan	No. of Respondent	Percentage
Short- term loan	194	38.8
Medium- term loan	196	35.2
Long- term loan	110	22.0
Total	500	100.0

The Table No. 24 reveals that the respondents preference of the loan in terms of period, about 38.8% of the respondents have prepared short- term loan, 35.2% of the respondents have preferred medium- term loan and 22% of the respondents are prepared long term loan. **Majority 59.2% of the respondents have prepared to avail medium term loan from PACCS.**

**Table 26**  
**Component of loan given by PACCS to the Respondents**

Component of Loan	No. of Respondent	Percentage
Cash	205	44.5
Kind	172	37.3
Both	84	18.2
Total	500	100.0

The Table No. 25 shows that the Component of the loan given by the PACCS to the farmers. About 44.5% of the farmers are availed loan in cash and 37.3% of the respondents are availed loan in the form of kinds (not in cash), 18.2% respondents have availed loan in the forms of cash as well as





in kind. Majority 44.5% of the respondents have availed the loan from PACCS in the form of cash.

## Findings

- Majority 93% of the respondents are Male
- Majority 43.8% of the respondents are in the age group of 41- 60 years.
- Majority 43.8% of the respondents are studied up to college level.
- Majority 67.6% of the respondents are married.
- Majority 74.4% of the respondents are in joint family.
- Majority 55% of the respondents are having 3-6 members in their family.
- Majority 48.6% respondents are Small Farmers.
- Majority 70.8% of the respondents are holding Wet land.
- Majority 47.5% of the respondents are having own land.
- The personal factors of the respondents(excluding Level of Education and Gender of the farmers ) are associated with the study factors such as preference of the loan(Short term, Medium Term & Long Term).
- The personal factors of the respondents( Level of Education and Gender of the farmers) are no association with the study factors such as preference of the loan(Short term, Medium Term & Long Term).
- Majority 38.8% of the respondents are knew the loan offer thro' Government.
- Majority 37.6% of the respondents are stated that they required loan amount for cultivation is Rs. 26,000 to 50,000 p.a.
- Majority 55.8% respondents have used their own finance for their agriculture operation.
- Majority 33.8% of the respondents have borrowed the finance from commercial banks.
- Majority 42% of the respondents have availed crop loan from the PACCS.
- Majority 39.2% of the respondents have prepared to avail medium term loan from PACCS.
- Majority 44.5% of the respondents have availed the loan from PACCS in the form of cash



## Recommendations to the Government and PACCS

1. The personal factors of the farmers are associated with the Quantum of credit requirement of the farmers. To get loan from PACCS and other banks, the farmers credit worthiness and too many documents are required. Due to the reasons, they unable to get loan from PACCS. Hence, it is suggested to Govt. to provide a single authenticated identity card (Like Aadhar Card) to the small and marginal farmers to get loan from PACCS and other banks instead submission of too many documents.
2. The farmers are unaware the various loans schemes offer by the PACCS due to lack of proper information systems. Hence, the PACCS should initiate awareness about the agricultural loan schemes to the farmers at the village level which would cover more small and marginal farmers than the big farmer who have more association with PACCS.
3. More cash form credit would leads for diversification of load, purpose and load in "kind" would also affect the usage by the farmers when the less rain faded area. Hence, the Govt should fix up appropriate norms for cash credit and loan in kind subject to prevailing situation in area to area agriculture operations.
4. The Govt, to take a policy decisions to improve the credit flow from PACCS to farmers especially more MTL (Medium Term Loan) and (LTL) Long term loan than the (STL) Short Term Loan. This would improve the loan repayment capacity of farmers and reduce the farmers dependence on commercial institution domination.
5. Crop Insurance scheme should be revamped subject to the prevailing agriculture condition. Compensation should be given in time and equal to the crop loss.
6. Relaxation loan norms in PACCS in terms of sanctioning the loan, credit subsidy, and loan limit etc.

## Conclusion

It is well known fact that the agriculture is one of the most important pillars of Indian economy. In spite of the agriculture is great significance in Indian economy, the share of agriculture and its allied activities in India's GDP is continuously declining over the years. It is due to various reasons such as scarcity of water, infertile land and lack of infrastructure in agriculture sector, illiteracy, inequality and lack of finance and marketing hurdles, inadequate price so on. Among these problems, supply of adequate and timely credit to the farmers would solve other problems of farmers.



In this context, the Institutional farm finance would try to replace the defects of the private credit. Since it is basically un-exploitive in character. The farmers not only need credit but also guidance in adopting improved method of cultivation. It could be possible only the PACCS can provide all the guidance, since it is at gross route village level. The PACCS is closely touched with small and marginal farmers and it is acting as predominant role player in the agriculture sector. But PACCS has too many limitations while performing its function. They are, poor financial viably, high cost of transactions, in adequate credit provisions, political and big farmers dominations, problems in subsidy availably, crop loan distribution, Complicated loan procedure, delay in sanction of loan etc. These problems are ultimately affect the farmer, particularly small and marginal farmers. For fulfill the needs of farmers, to increase share of Agriculture in India's GDP, for sustainable agricultural growth, it is very urgent need to make ultimate structural reform in PACCS.

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